

**IN THE COURT OF THE PRINCIPAL DISTRICT JUDGE,
MADURAI**

**PRESENT: THIRU.M.SAISARAVANAN, M.L.,
PRINCIPAL DISTRICT JUDGE
MADURAI**

Tuesday, this the 14th day of July, 2026

**Arbitration Original Petition No.189/2019
(CNR No. TNMD01-007308-2019)**

R. Nagammal

...Petitioner/Respondent

/Vs./

1. Shriram Transport Finance Co., Ltd.,
T.Vadipatti.

2. Mr. P. Natarajan,
Sole Arbitrator, Madurai.

...Respondents/Claimants

This petition is coming up for final hearing on 22.06.2026 in the presence of Thiru.P.Karthick, Learned Counsel for the petitioner, and of Thiru.R.Shankar Ganesh, Learned Counsel for the 1st respondent and 2nd Respondent called absent and set exparte and upon hearing the arguments of both side counsels and upon perusing the material records and the Judgment and decree of the trial court, and having stood over for consideration till date, this court pass the following. . .

ORDER

This petition has been filed under Section 34 of Arbitration and Conciliation Act 1996 to set aside the award passed in Arbitration Petition No.435/2017 dated 16.02.2019.

2. BRIEF FACTS OF CASE:-

The 1st respondent is a public limited company carrying on business of Hire Purchase, Lease and Loan cum Hypothecation in respect of vehicles. The petitioners approached the 1st respondent for loan facility to purchase a second hand vehicle bearing Registration No.TN 28 AC 5728 of Ashok Leyland model in the month of May 2013. The 2nd respondent is alleged to be the arbitrator appointed by the 1st respondent without the knowledge of the petitioner and the petitioner came to know about the arbitrator only after receiving the arbitral award in the arbitration proceedings and the initial appointment of the arbitrator is against law. The petitioner is the respondent in the Arbitration Petition No. 435/2017 filed by the 1st respondent in this appeal. The 1st respondent filed A.P.No.435/2017 to pass an award directing the petitioners to pay the payment of interest on the claim amount @ 18% p.a., from the date of the claim petition till the date of realization an amount of Rs.5,09,985/- from 16.02.2019 and the learned Arbitrator, the 2nd respondent has passed an

award dated 16.02.2019 in favour of the 1st respondent directing the petitioners to pay an amount of Rs.6,92,479/- with interest at 18% p.a., on Rs.6,96,765/- from 16.02.2019 till the date of the payment with cost.

3. Aggrieved against the award passed by the 2nd respondent dated 16.02.2019, the appellant has preferred this present appeal.

4. POINTS FOR CONSIDERATION:-

Whether the award passed by the 2nd respondent in Arbitration Petition No. No.435/2017 dated 16.02.2019, is liable to be set aside?

5. POINT NO.3 :-

This Arbitration Original petition has been filed under Section 34 of Arbitration and Conciliation Act 1996 to set aside the award passed in Arbitration Petition No.435/2017 dated 16.02.2019. The petitioner herein is the 1st respondents in the Arbitration proceedings before the sole Arbitrator. The petitioner herein seems to have borrowed a sum of Rs.3,98,000/- from the 1st respondent herein for purchase of Ashok Leyland 1995 model vehicle bearing Reg.No. TN 28 AC 5728 and executed a loan cum hypothecation agreement dated 17.03.2016 agreeing to repay the total agreement value of Rs.5,86,361/- in 36 monthly installments. One Tr.Palanisamy stood as a guarantor for the petitioner. It seems that the petitioner herein has committed some default in payment of installments

for which the respondent herein has made a claim petition before the sole Arbitrator against the petitioner herein as agreed by the parties in the loan cum hypothecation agreement in which sole Arbitrator by his award dated 16.02.2019 directed the petitioner and one Tr. Palanisamy to pay jointly and severally to the respondent herein, who is claimant in the claim petition before the Arbitrator, a sum of Rs.6,96,765/- with further interest at 18% p.a., on Rs.5,09,985/- from 16.02.2019 till final payment with cost which is now under challenge by way of the present petition. Though the petitioner has raised several grounds challenging the award passed by the Arbitrator, the main contention of the petitioner is that the petitioner was not put in proper notice either about the appointment of arbitrator or about the arbitral proceedings and without providing sufficient notice to the petitioner exparte arbitral award has been passed and as such the award is liable to be set aside. Therefore, the point for determination of the appeal is that whether the grounds raised by the petitioner to set aside the arbitration award falls within any one of the reasons stated under sub clause (i) to (v) of clause (a) in sub section (2) of Section 34 of Arbitration and Conciliation Act and whether the award passed by the sole Arbitrator needs any interference by this court.

6. Challenge under this petition is the award dated 16.02.2019 passed by the sole Arbitrator. The unsuccessful 1st respondent in the claim petition before the Arbitrator is the petitioner herein. The petitioner though seeking to set aside the award on several grounds, except the ground that the petitioner was not provided with proper opportunity in the arbitration proceedings, and she was not put in proper notice about the appointment of Arbitrator alone falls within the ambit of the reasons stated in Section 34 (2) (a) (i) to (v) of the Arbitration and Conciliation Act. Section 34 (2) (a) (3) of the Arbitration and Conciliation Act deals about not giving of proper notice of appointment of Arbitrator or of Arbitral proceedings or the petitioners otherwise unable to present her case. Therefore, the next aspect for consideration is that whether the sole Arbitrator was appointed as agreed by the petitioner and whether the petitioner was put in notice about the appointment of Arbitrator and whether the petitioner was given proper opportunity in the arbitral proceedings to represent her case.

7. The back records of the arbitration proceedings have been called for and perused. The learned counsel for the petitioner would submit that the petitioner is not at all aware of the arbitration proceedings. On the contrary the learned counsel for the 1st respondent would contend that a proper pre-arbitral notice was issued to the petitioner and even after

commencement of the arbitration a proper notice was issued to the petitioner but despite knowing the same the petitioner has maneuvered to return the notice as “unclaimed” and not turned up to conduct the arbitration proceedings and as such she cannot claim that she was not put in proper notice about the appointment of Arbitrator and arbitral proceedings. The original award passed by the sole Arbitrator / 2nd respondent is form part of the back records. On perusal of the award, the Arbitrator has stated that the claim petition filed by the claimant / respondent herein was taken on file on 24.08.2017 and notices were sent to the respondents (petitioner herein and one Tr. Palanisamy) for their appearance on 23.09.2017 in the office of the Arbitrator but the notices to both respondent were returned as unclaimed . The Arbitrator had further stated that he held that the service to the respondent as sufficient and set both of them exparte and after taking the claimant side evidence and after hearing the counsel for the claimant, he passed the impugned award. Therefore, it seems that the specific contention of the Arbitrator is that he issued summons to the petitioner herein, who is the 1st respondent of the claim petition, which was unclaimed by the petitioner herein and after holding the service to her as sufficient, he has proceeded to pass award. But the specific contention of

the petitioner herein is that as the 1st respondent in the claim petition she never received any notice or summons from Arbitrator.

8. Upon perusal of the grounds on which the petitioner is challenging the award, as stated earlier, none of them are falls within the ambit of the reasons stated in 34 (2) (a) (i) to (v) except one reason that, the petitioner/appellant was not put in proper notice about the arbitration. On perusal of the back records submitted by the Sole Arbitrator, it is found that, upon filing of claim petition by the 1st respondent herein before the Sole Arbitrator, he had sent notice to both respondents (the petitioner herein and one Tr. Palanisamy) through registered post and the petitioner herein, who was the 1st respondents in the arbitral proceedings had maneuvered to return the notice and the same was returned with the endorsement “Unclaimed despite intimation served” and the returned cover is enclosed by the Arbitrator along with back records, and it is also found mentioned in the award of the Arbitrator. The Arbitrator has deemed the service of summons as completed as contemplated under Section 3 (i) (b) of the Arbitration and Conciliation Act and held the service sufficient and set the respondents exparte. In the notice dated.24.08.2017 sent by the learned Arbitrator to the petitioner herein in AC.No.435/2017 itself, he has very clearly stated that, he was appointed as a Sole Arbitrator as per the

agreement entered between the parties. Since the petitioner has maneuvered to return the notice with an endorsement “unclaimed”, it has to be necessarily construed that, she has managed to return the notice only after knowing the contents of the same. It is pertinent to note that the petitioner has received the copy of the final award dated 16.02.2019 passed by the sole arbitrator sent to the same address which is evident through the Acknowledgment card signed by the petitioner herself found in the back records submitted by the Sole arbitrator. Therefore the petitioner cannot claim that she had no knowledge about the earlier notice sent to the same address for the arbitration proceedings.

9. Even before filing the claim petition before the Sole Arbitrator, the 1st respondent herein had sent a notice dated.31.07.2017 to the petitioner herein and one Tr. Palanisamy informing about the default committed by them in repayment of the loan contrary to the conditions agreed upon by them and called upon them to pay all the future installments along with arrears and other charges with future interest and costs. The said notice was received by the petitioner herein and acknowledgment card was also filed before the Arbitrator which is found along with the back records submitted by the Arbitrator. The said pre-suit legal notice was also sent to the same address to which the notice of

arbitration proceedings was sent to the petitioner herein. On perusal of the said pre suit legal notice, it is found that the 1st respondent herein, through the said Legal notice, called upon the petitioner herein and one Tr. Palanisamy, the guarantor of the petitioner herein, to pay the balance amount due within 10 days together with further interest failing which the dispute will be referred to the Arbitrator as per the terms and conditions of the Loan cum Hypothecation Agreement. It is further informed in the said notice itself that name of the Arbitrator is Thiru.P.Natarajan, M.A; LLB. The address details of the Arbitrator is also found mentioned in the said legal notice itself. The said notice was received by the petitioner as stated supra. However she has not seems to have issued any reply raising objections for appointment of Thiru.P.Natarajan as a sole Arbitrator to conduct the arbitration proceedings. In the loan cum hypothecation agreement marked as Ex.P.2 in the Arbitration proceedings also it is found that the petitioner herein has agreed to settle by the Arbitrator in the arbitration to be held in Madurai. Therefore, it is clear that the petitioner herein was put in proper notice about the appointment of Arbitrator by furnishing details of the Arbitrator in the pre-suit legal notice itself and despite receipt of the said notice she has neither replied nor raised any objection for appointing Thiru.P.Natarajan as Sole Arbitrator. Therefore,

such contention of the petitioner that she was not put in proper notice about the appointment of Arbitrator cannot be accepted as a proper notice dated 31.07.2017 was sent by the 1st respondent and after filing the claim petition, the arbitrator had also sent a notice to the petitioner herein informing about his appointment and calling upon the petitioner for her appearance before the arbitral tribunal on 23.09.2017, but as stated earlier, the petitioners have maneuvered to return the same “unclaimed”. Therefore despite had knowledge about the notice sent by the arbitrator, the petitioners have not only maneuvered to return the same as “unclaimed” but also failed to appear before the arbitrator and with no other option, the arbitrator had set her exparte after considering it deemed completion of service under Section 3(i) (b) of the Act and proceeded to record the evidence on the claimant side. Therefore the petitioner cannot claim that she had no knowledge about the arbitration. The attitude of the petitioner shows that she had intentionally maneuvered to return the notices knowing the contents of the petition. Therefore such contention of the petitioner that she was not put in proper notice cannot be accepted. The Arbitrator, after setting the petitioner herein exparte, recorded the evidence on the claimant side only on 09.02.2019 and marked Ex.A.1 to Ex.A4 and thereafter the award was passed only on 16.02.2019. The petitioner herein despite knowing the

arbitration proceedings, not only failed to appear on the date of hearing, but also not cared even to ascertain the proceedings before the Arbitrator and pursue the same on any subsequent dates till the date of passing award by the Arbitrator despite there was a long gap of almost one and half years in the interregnum between the date of setting the petitioners exparte and the date of passing the final award which also shows the lethargic and negligent attitude of the petitioners. Therefore the petitioner is es-topped from claiming that she was not put in proper notice about the appointment of Arbitrator and arbitral proceedings as there are lot of evidence available to show that she was put in proper notice. Therefore the argument of the learned counsel for the petitioner that the award passed by the Tribunal is contrary to the Arbitration Act and against the terms of contract which affect the rights of the petitioner cannot be accepted.

10. So far as the other grounds upon which the petitioner is challenging the award are concerned, as stated earlier, they does not fall within the ambit of Section 34 (2)(a) (i) to (v) as those reasons are not grounds to set aside the Arbitration award. Having failed to appear before the Arbitrator, despite knowing about the arbitral proceedings and contest the case before the Arbitrator, the petitioners cannot raise all those contentions before this court. The Hon'ble Supreme Court is very clearly

held in the decisions in “2018 (3) SCC 118, 2016 (16) SCC 661 and 2019 (7) SCC 236” that the scope of judicial intervention is very limited and confined to the grounds provided in Section 34 of Arbitration Act alone. Likewise the Hon’ble Apex court in “NHAI Vs M.Haheem and anr 2021 (9) SCC 1” very clearly held that, Section 34 allows arbitral awards to be set aside only on the limited grounds specified under Section 2 & 3. Therefore it is settled law that, except the grounds specified under Section 34(2)(a) Arbitration and Conciliation Act, the Arbitration award cannot be set aside for any other reason. Section 34(2)(a) enumerates specific grounds on which an award can be set aside which includes the incapacity of party, invalidity of an arbitration agreement in law, improper notice for appointment of arbitrator or arbitral proceedings, denying the opportunity to a party to present their case, the award being beyond the scope of submission to arbitration, and the composition of arbitral tribunal or the arbitral procedure not being followed by the agreement of the parties in certain circumstances. Section 34(2)(b) stipulates that, an arbitral award may be set aside when the subject matter of the dispute cannot be settled by arbitration as per the applicable law or if the arbitral award conflicts with the public policy of India. Explanation (I) clarifies that an award can conflict to the public policy of India only if (i) when the award is induced

or affected by fraud, corruption or is in violation of Section 75 or Section 81 of the 1996 Act, (ii) when it is in contravention with the fundamental policy of Indian Law or (iii) when it conflicts with the most basic notions of morality or justice. Explanation (II) mandates that no review on the merits shall be undertaken when determining a contravention of the fundamental policy of Indian Law. Therefore it is very clear that Section 5 of the Arbitration and Conciliation Act 1996 which deals about extent of judicial intervention clearly provides that, notwithstanding anything contained in any other law for the time being in force, in matters governed by, no judicial authority shall intervene except where so provided in this part which means that Section 5 of the Arbitration Act limits judicial intervention in arbitral award to what is authorized by part (I) of the Act and Section 34 (1) stipulates that, “recourse” to a court against arbitral award may be made only by an application for setting aside the award in accordance with Section 34 (2) and Section 34 (3). If the above analogy is applied to the present case, on perusal of the grounds of appeal, none of the other grounds made by the petitioners falls within any one of the specific grounds enumerated under Section 34 (2)(a) and 34(2) (b) of the Act. Therefore viewing from any angle, I don’t find that the petitioners have made out any reasonable grounds to set aside the impugned award passed

by the Sole Arbitrator and I am not inclined to interfere with the award passed by the Sole Arbitrator and this point is answered accordingly.

11. In the result, this Arbitration Original Petition is dismissed without costs by confirming the Arbitration Award passed by the Sole Arbitrator/2nd respondent in Arbitration Petition No.435/2017 dated 16.02.2019.

Dictated to the Stenographer, directly typed by her in computer, taken printout, corrected, and pronounced by me in open court, this the 14th day of July, 2026.

PRINCIPAL DISTRICT JUDGE
MADURAI.

Witness and documents on bothsides: NIL.

PRINCIPAL DISTRICT JUDGE
MADURAI.